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**State of Washington**  
**Summary Schedule of Prior Audit Findings**  
**For Years Prior to Fiscal Year 2000**

*OMB Circular A-133 Audit*  
*For the Fiscal Year Ended*  
*June 30, 2000*

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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\* Indicates completion of corrective action in FY 99. Details can be found in FY 99 State of Washington Corrective Action Plan. Listed per requirement of Circular A-133 §\_\_\_\_.315 (b)(1).

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**Community Colleges of Spokane**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>		
99	1	Finding:	District did not comply with Head Start program regulations.	
		Questioned	CFDA #	Amount
		Costs:	93.600	\$115,544
		Status:	Corrective Action has been completed by Community College District. Management decision by federal funding agency on questioned costs is still pending.	
		Corrective Action:	<p>The District has completed the following corrective actions:</p> <ol style="list-style-type: none"> <li>1. Improved accounting policies and procedures to ensure that the Head Start program will be the "payer of last resort."</li> <li>2. Improved the District's cost allocation model to accurately distribute costs between Head Start and other childcare funding sources.</li> <li>3. Worked with state and federal officials to develop and implement better rules and regulations for blended Head Start/childcare activities.</li> <li>4. Effective the quarter ending March 31, 2000, the District began recording childcare fees collected as program income. As program income, the quarterly total was deducted from total program expenditures before calculation of the federal and local share. The amount of program income reduced the federal and local share equally.</li> <li>5. The District also credited the accumulated balance of childcare fees back as program income, in the same quarter, thereby reimbursing the federal government for its share of previous program income.</li> </ol>	
		Completion Date:	March 31, 2000	

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**Lower Columbia Community College**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>		
99	2	Finding:	Community College did not comply with Head Start and federal regulations regarding allowable and allocable costs.	
		Questioned Costs:	CFDA # 93.600	Amount \$37,971
		Status:	Corrective action has been completed by the College. A management decision, by the federal funding agency, on the disposition of the questioned costs remains.	
		Corrective Action:	<p>The College has implemented the following corrective actions:</p> <ol style="list-style-type: none"> <li>1. A time and effort reporting system was designed and placed in operation to ensure that valid Head Start costs are kept separate from other child care activities. The system was designed to meet federal cost principle requirements.</li> <li>2. Additional administrative resources were provided the Head Start program by allocating an additional fifty percent of the Grant and Contract Accountant's time to the program.</li> <li>3. Additional procedures and controls to ensure that the billings to, and the payments from the State Department of Social and Health Services properly reflect the separation of Head Start and other childcare services.</li> </ol> <p>The State Auditor's Office has conducted a subsequent annual audit of the College and included a comment in the audit report that the new system improvements have significantly lowered the chance of Head Start revenues being deposited in the wrong account.</p>	
		Completion Date	September 1, 2000	

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**Washington Traffic Safety Commission**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>		
99	3	Finding:	Commission did not comply with state and federal regulations for purchase cards.	
		Questioned	CFDA #	Amount
		Costs:	20.600	
			20.601	\$36,575
		Status:	Corrective action has been completed.	
		Corrective Action:	<p>The Commission has taken the following actions to establish effective control over purchase card usage:</p> <ol style="list-style-type: none"> <li>1. All but two cards have been cancelled and will not be reinstated.</li> <li>2. A written procedure has been established for usage of the one card: <ol style="list-style-type: none"> <li>a. An agency purchase authorization will be completed and approved prior to the issuance of the card for usage.</li> <li>b. A transaction log will be maintained indicating who has custody of the card, the vendor and item(s) to be acquired.</li> <li>c. The vendor's transaction receipt will be turned over and held by the Accounting Manager until the credit card company's receipt is received.</li> <li>d. The invoice will then be matched against log and receipt documentation before payment is made.</li> <li>e. Any discrepancy will be immediately investigated and resolved.</li> </ol> </li> </ol> <p>Commission management personnel have reviewed all credit card expenditures made during the audited period. The intent was to establish the purpose of each and every purchase and document any evidence of misuse. Complete results of this review as well as a briefing on the new controls established for purchase cards was made available to National Highway Traffic Safety Administration (NHTSA) personnel in a meeting on April 3, 2000. At that meeting, the Commission proposed refunding the entire questioned amount of \$36,575. On August 15, 2000, the Commission forwarded a warrant in the amount of \$36,575 to the NHTSA Regional Administrator.</p>	
		Completion Date:	August 15, 2000	

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**Employment Security Department (ESD)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan			
99	4	Finding:	ESD did not comply with federal cash management requirements when requesting cash advances.		
		Questioned Costs:	CFDA #	Amount	
			17.207	\$0	
			17.225	\$0	
			17.250	\$0	
		Status:	Corrective action has been completed.		
		Corrective Action:	The following corrective actions were taken by ESD: <div><div>1.</div><div>ESD changed its cash ordering dates to comply with the terms in the Treasury-State Agreement(TSA). This is the agreement between the State of Washington and the federal Department of the Treasury that governs the state’s cash draws of federal funds for programs over a certain dollar threshold.</div></div> <div><div>2.</div><div>Cash management roles and procedures were reviewed to identify ways to improve the cash management processes and to develop a uniform set of cash analysis and ordering instructions.</div></div> <div><div>3.</div><div>A cash draw schedule was published and training provided to all employees responsible for cash analysis and cash ordering.</div></div> <div><div>4.</div><div>A study was undertaken of cash ordering during the period July 1, 1998, through June 30, 1999. In coordination with the Washington Office of Financial Management (OFM), any cash drawn in advance of CMIA contract provisions was identified. ESD reported the amount of interest owing the federal government to OFM. OFM then included those interest amounts in the CMIA Annual Report on Interest Liabilities due the Department of Treasury by December 31, 1999. The interest was included in the federal/state interest liability settlement on April 3, 2000.</div></div>		
		Completion Date	April 3, 2000		

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
99	6	<p>Finding: ESD has not established accountability over accounts receivables.</p> <p>Questioned CFDA # Amount</p> <p>Costs: 17.225 \$0</p> <p>Status: Corrective action was taken but a repeat finding was recorded before all actions were finally in place.</p> <p>Corrective Action: The following actions have been, or will be, taken by ESD:</p> <ol style="list-style-type: none"> <li>1. To ensure the receivables system "General Unemployment Insurance Development Effort" (GUIDE) produces a reliable report of the "other receivables" balance, ESD has established a procedure to document the transactions posted to GUIDE. These transactions are totaled monthly and provide an audit trail of the subsidiary ledger activity. Also, a procedure was established to capture monthly the subsidiary ledger account information and validate the accuracy of the subsidiary ledger account balances. In addition, the subsidiary ledgers are now reconciled monthly to the other receivables control account balance. These reconciled balances will be used to post to the statewide Agency Financial and Reporting System (AFRS).</li> <li>2. To ensure the Department's records support the control account balance in (AFRS) for taxes receivable, and to ensure the Department is able to reconcile the control account to the subsidiary accounts, ESD now reconciles the subsidiary ledger accounts with the taxes receivable balances from the "Tax Information System" (TAXIS) that are posted to AFRS. This reconciliation is done monthly.</li> </ol> <p>Completion Date: Estimated June 30, 2001</p>

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**Seattle Community College District**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>		
99	7	Finding:	District did not comply with federal regulations regarding the administration of Title IV programs.	
		Questioned Costs:	CFDA # 84.063	Amount \$486,000
		Status:	The District has completed corrective action.	
		Corrective Action:	<p>The following corrective action steps were taken:</p> <ol style="list-style-type: none"> <li>1. The posting of records in the accounting system has been modified and the administration is notified of any concerns or problems immediately.</li> <li>2. Pell Grant reconciliation is taking place monthly.</li> <li>3. All repayments were reconciled and completed by June 30, 2000.</li> <li>4. The Pell Grant shortfall was resolved by June 30, 2000, with loan transfers from Fund 570 (Nonappropriated/Nonallotted local fund) used to cover the deficit (approved by the Board of Trustees).</li> <li>5. State Need Grant money was reconciled as of June 30, 2000.</li> </ol>	
		Completion Date:	June 30, 2000	

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**Walla Walla Community College**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
99	8	<p>Finding: Costs charged by College to a federal program (Tech Prep Initiative) were not adequately supported.</p> <p>Questioned Costs: CFDA # 17.249 Amount \$20,955</p> <p>Status: Corrective action has been completed.</p> <p>Corrective Action: The College completed an extensive effort to improve internal controls in the administration of this grant and other federal awards. Specific improvements made include:</p> <ol style="list-style-type: none"> <li>1. Designation of two individuals to oversee all federal grants and contracts in the College's Vocational-Technical Education, Developmental Education and Continuing Education Divisions.</li> <li>2. Development and implementation of a time and effort reporting system that complies with requirements of OMB Circular A-21. The system was operational as of January 28, 2000.</li> <li>3. Development and amendment of position descriptions to ensure proper separation of duties and responsibility for compliance with federal laws, regulations and program requirements. This task also was accomplished by January 28, 2000.</li> <li>4. Development and implementation of written procedures to ensure transactions are properly recorded and accounted for; transactions are in compliance with laws, regulations and provisions of the grant agreement; and funds, property and other assets are safeguarded against loss or improper use or disposition.</li> <li>5. Hiring of qualified program and administrative personnel, assuring that they are properly trained on federal requirements. The College will also provide personnel working with federal awards with the latest source documentation regarding federal requirements.</li> <li>6. College reviewed all expenditures in the Tech Prep Initiative project for the year audited and determined that a total refund of the questioned costs was appropriate. Refund was made to the granting agency, the State Board for Community and Technical Colleges, in the amount of \$20,955 on April 26, 2000. The State Board determined it could not further subaward the federal dollars and returned the \$20,955 to the State Workforce Training and Education Coordinating Board effective August 16, 2000.</li> </ol> <p>The State Auditor's Office has completed an annual audit for FY 2000 on Walla Walla Community College and confirmed that the correcting management practices were in effect.</p>



		Completion Date	April 30, 2000
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**Community, Trade and Economic Development (CTED)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
98	03	Finding:	CTED should monitor subrecipients in accordance with federal guidelines for the Low Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG).						
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.568</td><td>\$0</td></tr><tr><td>93.569</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$0	93.569	\$0
<u>CFDA #</u>	<u>Amount</u>								
93.568	\$0								
93.569	\$0								
		Status:	Corrective action has been completed.						
		Corrective Action:	<p>CTED has taken the following actions to bring agency monitoring activities into compliance with federal guidelines:</p> <ol style="list-style-type: none"><li>As part of the 1999 Community Services Block Grant application, the agency included a section in the state plan that aligns scheduling frequency of subrecipient monitoring with new federal requirements outlined in the CSBG Act, as re-authorized in 1998. The application was submitted in December of 1998 and approved by HHS in January of 1999.</li><li>The FY 99 LIHEAP State Plan, submitted in September of 1998, included a revised section on frequency of monitoring of LIHEAP subrecipients to align monitoring frequency policy with federal LIHEAP monitoring requirements. In October of 1998, HHS approved the plan.</li><li>CTED established the monitoring schedule referred to in the state plans effective April 1, 1999. This schedule is being used as part of on going agency operations.</li><li>Effective January 1, 1999, the Community Programs Unit within CTED implemented an electronic contract-monitoring log of all monitoring activities of subrecipients for both the CSBG and LIHEAP programs. This contract-monitoring log references all monitoring contact with subrecipients for both desk and on-site monitoring activities.</li></ol>						
			(Continued next page).						

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**Community, Trade and Economic Development (CTED)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
98	03	<p>Corrective Action: (Continued)</p> <p>5. Both CSBG and LIHEAP programs are presently using standard monitoring tools for program monitoring activities. In addition, the Department's Quality Improvement Committee has recommended to management standard tools for monitoring the general administrative and fiscal activities of Community Action Agencies responsible for administering CSBG and LIHEAP funds.</p> <p>6. The Department has established a policy of mandatory formal minutes for monthly staff meetings relating to contractor review issues.</p> <p>7. The Department has updated its LIHEAP policies and procedures regarding record keeping for client eligibility and maintains, through its contractors, specific information on client eligibility for LIHEAP benefits.</p> <p>8. Finally, the Quality Improvement Monitoring Committee completed a complete review of subrecipient monitoring activities looking at what activities could be shared or what activities could be consolidated. The committee was also charged with presenting funding options for monitoring. The Committee completed its review, made its recommendations to the Director, but before action could be taken, the Director was replaced and the agency scheduled for reorganization by legislative action. As of March 2001, the proposed reorganization is still before the Legislature.</p> <p>In the absence of legislative action, the Community Services Division, which administers the majority of federally funded subawards for the agency, has restructured its subrecipient monitoring activity. Most of its administrative and financial subrecipient monitoring has been removed from individual federal grant programs and centralized at the unit level within the division.</p> <p>Presently, the agency believes it is meeting all federal subrecipient monitoring requirements.</p> <p>Completion Date: February 29, 2000</p>

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**Office of the Superintendent of Public Instruction (OSPI)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
98	04	<p>Finding: OSPI did not comply with state personal service contract requirements. Specifically, on one personal services contract for \$50,000 to a nonprofit organization, OSPI did not solicit competitive proposals. \$17,739 of the contract amount was charged to federal programs.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>84.027</td><td>\$15,611</td></tr><tr><td>84.173</td><td>\$ 2,128</td></tr></table> <p>Status: Corrective action has been completed.</p> <p>Corrective Action: OSPI has completed the following correction actions:</p> <ol style="list-style-type: none"><li>1. The standardized personal service contract boilerplate has been rewritten to further clarify that no services can be rendered by a contractor prior to the contract being fully executed and approved by OSPI and reviewed and approved by the Office of Financial Management (if filing required).</li><li>2. All contract invoices will be more carefully scrutinized to assure that the dates of performance are in accordance with the contract's stated schedule of performance.</li><li>3. The OSPI Director of Accounting has been assigned responsibility for reviewing all contracts and ensuring that OSPI follows all state contract rules with regard to competitive solicitation.</li><li>4. The Director of Accounting and the senior legal advisor to the agency developed mandatory contract training. This training was conducted on August 26, 1999, and will, subsequently, be offered at least annually.</li><li>5. OSPI drafted new ethics policies and procedures. Mandatory training, on the new policies and procedures was conducted on August 26, 1999, in conjunction with the contract training.</li></ol> <p>OSPI disagreed with the questioned cost of \$17,739. The agency felt that the contractor provided the specified services in accordance with federal rules and regulations. Following submission of additional information describing the nature of services provided, the federal Department of Education determined that services of substantial value were provided by the contractor to OSPI. In a letter received by OSPI on October 20, 2000, the Department of Education formally closed the finding, specifying that no repayment of questioned costs was required.</p>	<u>CFDA #</u>	<u>Amount</u>	84.027	\$15,611	84.173	\$ 2,128
<u>CFDA #</u>	<u>Amount</u>							
84.027	\$15,611							
84.173	\$ 2,128							

	Completion Date: October 20, 2000
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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
95	08	<p>Finding: The Employment Security Department did not have adequate internal controls over the JOBS program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.561 \$ 15,457</p> <p>Status: Corrective action has been completed both by ESD and the State Department of Social and Health Services (DSHS).</p> <p>Corrective Action: Recommended controls and procedures were established and documented in June and July of 1998. Training to field staff on supervisory review responsibilities and payment documentation retention was conducted in July and August of 1998 and May 1999. ESD submitted, and HHS reviewed and allowed, additional documentation that reduced questioned costs to \$ 8,282 (CIN A-10-97-43797). On March 8, 2000, DSHS forwarded a warrant in the amount of \$8,282 to the Division of Accounting Operations, HHS to reimburse the federal government for the remaining questioned amount.</p> <p>Completion Date: March 8, 2000</p>